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PP RUEHCD RUEHGD RUEHHO RUEHMC RUEHNG RUEHNL RUEHRD RUEHRS RUEHTM  
DE RUEHME #1119 061420  
ZNR UUUUU ZZH  
P 061420Z MAR 07  
FM AMEMBASSY MEXICO  
TO RUEHC/SECSTATE WASHDC PRIORITY 5663  
INFO RUEATRS/DEPT OF TREASURY WASHDC PRIORITY  
RUEHXC/ALL US CONSULATES IN MEXICO COLLECTIVE  
RUEAWJA/DEPT OF JUSTICE WASHDC  
RHMFIUU/CDR USSOUTHCOM MIAMI FL  
RHMFIUU/CDR USNORTHCOM  
RHEHNSC/NSC WASHDC

UNCLAS MEXICO 001119

SIPDIS

SENSITIVE  
SIPDIS

STATE FOR WHA/MEX, EEB/ESC KATHERINE LEAHY AND LEANNE  
CANNON, EEB/ESC/TFS JEAN CLARK, S/CT PATTY HILL, S/CT  
FINANCE GALER AND NOVIS  
TREASURY FOR IA (ALICE FAIBISHENKO)  
TREASURY FOR FINCEN  
DOJ/AFMLS FOR ROBERT STAPLETON

E.O. 12958: N/A

TAGS: [EFIN](#) [ETTC](#) [KTFN](#) [PREL](#) [PTER](#) [MX](#)  
SUBJECT: TERRORIST FINANCE: MEXICAN OFFICIAL DISCUSSES  
ILLCIT CASH COURIER ACTIVITY

REF: A. SECSTATE 16120  
[1](#)B. MEXICO 961

[1](#)1. (SBU) The head of Mexico's Financial Intelligence Unit (FIU), Luis Urrutia, called Econoff on March 5, 2007 about the non-paper she sent him on illicit cash couriers (Refs A and B). Urrutia told Econoff that Mexico understands the threats associated with illicit cash courier activity and that the government is working to improve its handling of this issue. He said that the Bank of Mexico (BOM) sent a questionnaire to all banks asking about their clients, the types of transactions conducted, and the amounts of transactions for 2005. This study is not available to the public, but Urrutia said the government plans to write a paper on the results. He said the government will conduct a similar study for 2006.

[1](#)2. (SBU) The 2005 study showed that \$11 billion flowed from Mexico to the U.S. through the financial system. While most of the flows are from the formal economy, some are from the informal economy and include ill-defined activities. Urrutia noted that some of the flows are through unlicensed foreign exchange offices called centros cambiarios, which he referred to as "the weakest link." He said that centros cambiarios are a growing concern for Mexico because the Tax Administration Service (SAT) is unable to supervise them efficiently. SAT is mostly staffed with tax auditors who are not used to dealing with these unlicensed enterprises. The FIU is working with SAT, the BOM, and supervisors of the banking system to figure out how to improve supervision of centros cambiarios. Urrutia noted that Mexico is working closely with Fincen on this issue. (Comment: These efforts relate directly to Mexico's requests for information from the USG on Currency and Monetary Information Report (CMIR) activity. The CMIR information would allow the GOM to eliminate known and reported transfers and focus on the suspicious ingress of funds from the U.S. End Comment.)

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